



May 24, 1996

To: DMs / SRs / RMs / KAMs / AMs (California only)

From: R. B. Grout

SUBJECT: COMPONENT CONTRACT

R. B. GROUT (RON)  
Regional Sales Manager

970 Via Rodeo  
Placentia, CA 92670  
714-572-8578  
Fax 714-572-1746

Ladies & Gentlemen:

Attached is the new Component contract that was created for our market. This is a good tool to get our "foot in the door" where there is a lockout situation between B&W and PM. **KEEP IN MIND THAT OUR ULTIMATE GOAL IS TO ACHIEVE A LEVEL II RETAIL PARTNERS CONTRACT.**

Some key points to the contract are as follows:

- Pack outlets
- Volume 85+CPW
- Not eligible for accrual
- No facings requirement
- Include a permanent advertising piece

For Full Price display:

- May be self-service/non self-service (if non self-service is used, no other displays may be self-service)
- \*Variable rate of \$1.00-50.00
- Eligible for National Promotion and Gap spending - Plan B only

For Savings display:

- May be self-service/non self-service (if non self-service is used, no other displays may be self-service)
- \*Variable rate of \$1.00-40.00
- Eligible for National Promotion and Ceiling spending

2/1/96 For CRT less than 75 cps  
it is \$50 max for both.

"We work for smokers."

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Combination of both is maximum payment of \$70.00. Although the payments are guidelines, should you need additional monies, please advise.

\*This is a variable rate which means the dollar amount you use should reflect the volume of that store.

*OK See Attached!*

Type	Plan	Unit	Rate	Eff Date	End Date
LA TEST1	Z	1	\$1-\$70	6/96	12/99
LA TEST2	Z	1	\$1-\$70	6/96	12/99

(Use LA TEST1 for 1 Display, LA TEST2 for 2 Displays. Either plan is not to exceed \$70.)

Our budget for this contract was calculated on an average of \$35.00 payment for the Full Price, and \$30.00 average for the Savings.

Our approach with this contract should be handled as top priority calls first on down.

I feel this is a good tool to get us in more doors to increase our share.

Good luck!

If you have any questions, please advise.

Sincerely,

*Ron*

Ron Grout

la

cc: Barbara Pearson/Skip Lanterna/Eric Frey

Attachment

(RON/ZQ96CORR.DOC)

51843 8020

**R. J. Reynolds Tobacco Company  
Pack Outlet Merchandising / Presence Agreement  
Los Angeles Metro Area Test**

R. J. Reynolds Tobacco Company (RJR) is pleased to announce the following Retail Partners Marketing Plan Test (in the Los Angeles Metro Area only) effective May 1, 1996, for retail accounts that meet the following:

Criteria:

- 51% Or more total industry volume sold by the pack.
- 100+ Cartons industry brand minimum sold per week.
- This contract is only available for Retail Pack Outlets that have a RJR share of market of 15% or less.
- Retailer is currently contracted with two cigarette manufacturers and is not currently participating in a Merchandising Agreement with RJR.

Program Elements:

- RJR Semi-Permanent Full Price Pack Display in mutually agreed upon position.  
and/or
- RJR Semi-Permanent Savings Pack Display in mutually agreed upon position.
- RJR Temporary Advertising placements for Full Price and Savings Brands.
- RJR reserves the right for final approval of display/advertising types, sizes and locations.
- Other: \_\_\_\_\_

Additional Requirements:

- Retailer further agrees to:
  - Provide RJR accurate volume information
    - Authorize primary and other suppliers to release brand style volume information to RJR.
  - Ensure adequate quantity of RJR brands are maintained to minimize out-of-stock, including brands designated for display.
  - Accept new RJR brand styles, as requested.
  - Retailers will not permit additional advertising of any kind, including that relating to retailers own products to be affixed to or interface with RJR displays.
  - Changes in agreed location of displays/advertising, or effectiveness of location will result in termination of this agreement.
  - Restricting RJR's ability to display, promote, or distribute RJR brands or the ability to compete equally with other tobacco companies in all areas at retail, will result in termination of this agreement.
  - Retailer will permit RJR to place all promotional product in supplemental displays and will maintain placement of supplemental displays until promoted product has sold through at retail.
  - Retailer will load Semi-Permanent Full Price and/or Savings Pack Displays with non-promoted product as designated by RJR.
  - Retail payment will not be executed for time frames in which a Semi-Permanent Full Price and/or Savings Pack Displays are not on location.

Payment:

- RJR will pay qualifying retailer a variable rate not to exceed \$70.00 total for up to two displays per month for performance under this agreement.
- RJR will make payments by check as soon as practicable after the end of each calendar quarter. Payments will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter, but more than one calendar month. Retailer will not deduct amounts due under contract from invoices due RJR.

51843 8021

**Request for Taxpayer Identification Number and Certification**

R. J. Reynolds Tobacco Company must backup withhold tax at the rate of 31% from payee if the payee fails to provide R. J. Reynolds Tobacco Company with sufficient correct information to issue a Form 1099 to such payee for any calendar year. With an individual proprietorship, this information is the person's individual name and either his/her social security number (S.S. No.) or the employer identification number (EIN) for the proprietorship. In addition to the payee's individual name, the payee may also provide the business name for the sole proprietorship, provided the individual name is listed before the business name. (Sole proprietors may not furnish only the business name.) With respect to corporations, partnerships, estates, trusts, and similar entities, the necessary information is the entity's name and employer identification number (EIN) as it appears on IRS Form 575 (Assignment of Employer Identification Number).

Type of Organization: Corporation ☐ Sole Proprietor ☐ Partnership, Estate, Trust, etc. ☐

Is this a corporation exempt from backup withholding? Yes ☐ No ☐

Please use the appropriate line to fill in the name and Taxpayer Identification Number:

Corporation Name \_\_\_\_\_ EIN \_\_\_\_\_  
 or  
 Sole Proprietor's Name \_\_\_\_\_ S.S. No. \_\_\_\_\_  
 Sole Proprietor's Business Name \_\_\_\_\_ EIN \_\_\_\_\_  
 or  
 Partnership, Estate, Trust, etc. \_\_\_\_\_ EIN \_\_\_\_\_

Address (Number, street, and apt. or suite number)

Address (City, state, and ZIP code)

**Certification:**

Under penalties of perjury, I certify that:

- The number shown above is my correct taxpayer identification number (or I am waiting for a number to be issued to me) and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions: You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest on your tax return.

Store Name (Please Print) \_\_\_\_\_ RJR Account No. \_\_\_\_\_  
 Street Address \_\_\_\_\_ RJR Territory No. \_\_\_\_\_  
 City/State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Call Classification \_\_\_\_\_ Branch (if Chain) \_\_\_\_\_

Type	# Stores	Monthly Payment	Total Quarterly Dollar Amount
			\$
			\$
			\$
TOTAL			\$

Date Contract Signed \_\_\_\_\_ Retailer's Signature \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Contract Effective Date \_\_\_\_\_ R. J. REYNOLDS TOBACCO COMPANY  
 By: \_\_\_\_\_

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FUNCTION	CONTRACT TYPE	PLAN	UNITS	RATE	EFFECTIVE MO/YR
A=ADD					
E=END					
D=DELETE					
C=CHANGE					